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A Proposed Implementation of Integrated Good Corporate Governance Assessment in Sub-Holding Commercial & Trading Pertamina

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Abstract

Good Corporate Governance (GCG) is an essential foundation for companies, particularly State-Owned Enterprises (SOEs), to ensure transparency, accountability, and sustainable business growth. Within Pertamina's Sub-Holding Commercial & Trading, the current GCG assessment practices are conducted independently by each subsidiary, using varying methods, parameters, and assessors. This fragmented approach results in non-comparable outcomes and undermines the effectiveness of governance evaluation at the group level. To address this issue, this study proposes an integrated GCG assessment model that can be implemented uniformly across all entities within the Sub-Holding. The model is designed to support the Integrated Governance Committee (IGC), which functions as a risk management body under the Board of Commissioners, enabling it to evaluate governance implementation more effectively. Using a qualitative research methodology, data were collected through in-depth interviews with key internal stakeholders and complemented by secondary data from internal documents and relevant literature. The study applies theories of Business Process Reengineering (BPR) and Business Process Integration to develop a standardized assessment model. Key findings include the identification of inefficiencies in the current assessment system and the development of a centralized mechanism for determining assessment methods, selecting assessors, and executing evaluations. The study also outlines the necessary enablers, including policy development, resource allocation, and unified assessment parameters. The proposed integrated model enhances data comparability, improves coordination, and ensures consistency in evaluating GCG implementation across the group. This approach contributes to strengthening governance practices within SOEs and serves as a reference for similar organizational structures.

Keywords: Good Corporate Governance, Governance Integration, Business Process Reengineering, GCG Standardization, Integrated Governance Committee.

A. INTRODUCTION

In the landscape of modern corporate governance, particularly among State-Owned Enterprises (SOEs), the implementation of Good Corporate Governance (GCG) has become increasingly central to ensuring ethical behavior, strategic alignment, and sustainable growth. GCG is not merely a legal requirement but a framework that shapes organizational integrity, fosters transparency, ensures accountability, and builds trust among stakeholders (Hasan et al., 2023; OECD, 2015). Within the Indonesian context, GCG principles—transparency, accountability, fairness, and responsibility—are mandated through the Ministry of SOE Regulation No. PER-2/MBU/03/2023, which requires SOEs to implement and periodically evaluate GCG practices across all levels of governance (Ashuri & Sambas, 2025; Zega, 2023).

Pertamina, as one of Indonesia's largest SOEs, has made strides in adopting GCG principles across its business units, including the Sub-Holding Commercial & Trading. However, the application of GCG assessments within this sub-holding remains fragmented. Each entity conducts evaluations independently, often using differing methodologies, assessment parameters, and levels of rigor—some even lacking formal assessments altogether (Pratiwi & Purbaningrum, 2023). This inconsistency hampers the Integrated Governance Committee (IGC)'s ability to conduct effective group-level oversight, undermining efforts to evaluate governance maturity and alignment across subsidiaries (Markonah & Riwayati, 2024).

The absence of a standardized framework leads to challenges in data comparability, inhibits benchmarking, and exposes the organization to governance risks that could affect performance, stakeholder confidence, and compliance (Peng & Zhu, 2023; Wawo et al., 2024). Furthermore, decentralized assessments reduce opportunities for collective learning and create inefficiencies in

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governance-related decision-making (Sun et al., 2024). In this regard, a harmonized and integrated GCG assessment framework—aligned with OECD guidelines and national regulations—becomes essential to ensure coherence, reduce evaluation bias, and improve accountability mechanisms across the Pertamina group (Luu & Nguyen, 2024).

To address these issues, this study seeks to propose a restructured, integrated GCG assessment model that can be implemented across Sub-Holding Commercial & Trading Pertamina. The model is grounded in the principles of Business Process Reengineering (BPR) and Business Process Integration, aiming to align processes and standardize governance evaluation across organizational units.

Based on this context, the research is guided by the following key questions:

1. What is the concept of an integrated GCG assessment suitable for a business group structure?
2. What are the current weaknesses and necessary developments to enable integrated GCG assessment in Sub-Holding Commercial & Trading Pertamina?
3. How can the integrated GCG assessment model be effectively implemented to enhance governance quality across the group?

Accordingly, the objective of this study is to develop a comprehensive framework for integrated GCG assessment, identify enabling factors and organizational gaps, and formulate an implementation strategy. The ultimate goal is to provide valid and comparable GCG assessment data that support the IGC's oversight function and reinforce corporate governance effectiveness within the Pertamina business group.

B. METHODS

This study adopts a qualitative exploratory approach grounded in the need to analyze complex institutional governance processes that involve multiple organizational actors, varying practices, and evolving regulatory frameworks. A qualitative methodology is particularly suitable in this context because it allows the researcher to capture rich, nuanced insights into the current state of GCG assessment implementation within Pertamina's Sub-Holding Commercial & Trading and its subsidiaries. Rather than focusing solely on numerical indicators, this approach enables a deeper understanding of how governance is interpreted, practiced, and experienced within the organization. To construct a comprehensive view of the existing conditions and identify potential improvements, the research design incorporates multiple data sources, combining both primary and secondary data. Primary data were collected through semi-structured interviews with key internal stakeholders, including the Chairman of the Integrated Governance Committee (IGC), the Secretary to the Board of Commissioners, the Corporate Secretary, and GCG assessment focal points from Pertamina Patra Niaga and selected subsidiaries. These individuals were selected based on their strategic role in the governance process and their direct involvement in designing, managing, or evaluating GCG assessments across the business group.

The interviews were guided by a thematic interview protocol derived from the study's conceptual framework, particularly drawing on theories of Business Process Reengineering (BPR) and Business Process Integration. The themes explored included current assessment practices, the use of governance parameters, resource availability, challenges in standardization, and expectations regarding integrated governance. The semi-structured nature of the interviews allowed for flexibility in probing deeper into issues that emerged during the conversations. Interviews were conducted both face-to-face and virtually, depending on participant availability, and were documented through field notes and audio recordings (with consent). Complementing this, secondary data were gathered through document analysis, including internal policy documents, annual reports, regulatory texts (notably SOE Minister Regulation No. PER-2/MBU/03/2023), and published literature on GCG, SOE governance, and performance evaluation. This triangulated approach was used to validate and contextualize the findings from the primary data collection.

The data analysis was carried out using thematic analysis, a method well-suited for interpreting qualitative data with high complexity and contextual variability. Following (Braun & Clarke, 2006) six-step model, the process involved familiarization with the data, initial coding, theme generation, theme refinement, theme naming, and reporting. This technique enabled the identification of repeated patterns and critical insights across interviews and documents, revealing underlying structures, assumptions, and systemic gaps in the current GCG assessment process. To support the transparency and clarity of the research process, Table 1 below outlines the key stages and activities undertaken in this study:

Table 1. Stages of the Research Process

Stage	Activities	Outcome
Problem Identification	Literature review and preliminary document analysis	Clear problem definition and research framing
Data Collection	Semi-structured interviews, document analysis, non-participant observation	Contextual and multi-perspective data
Data Analysis	Thematic coding, clustering, and interpretation	Identification of themes and integration opportunities
Model Development	Synthesis using BPR and governance integration theories	Draft model for integrated GCG assessment
Validation	Triangulation through feedback and document comparison	Refined recommendations and implementation roadmap

Source: Research data, 2025

This methodological structure was intentionally designed to align with the exploratory nature of the research and the goal of developing a practical and applicable governance model. In particular, the combination of stakeholder interviews and document analysis provides a holistic view that captures both formal structures and lived organizational realities. Ethical considerations were also addressed throughout the research. All participants were informed of the study’s aims and gave their consent prior to participation. Anonymity was preserved during transcription and reporting, and data were stored securely in compliance with ethical guidelines for research involving organizational stakeholders.

The choice of qualitative methodology, particularly the integration of thematic analysis, is justified by the need to capture variations in practice, organizational culture, and subjective interpretations that shape governance behavior within Pertamina’s subsidiaries. While quantitative methods may be suitable for measuring governance outcomes, they are less effective in diagnosing the processual and structural challenges that this study aims to address. The research also acknowledges that governance, especially in the SOE context, is shaped by multiple layers of regulation, policy, and internal norms—factors that require interpretive, not just statistical, exploration. The research method used in this study is deliberately suited to the real-world complexity of evaluating and redesigning GCG assessment processes within a large, diversified SOE. It allows the study to bridge the gap between theory and practice and to propose a grounded, actionable framework that supports integrated governance across business units.

C. RESULTS AND DISCUSSION

This section presents the core findings of the study, which were obtained through rigorous qualitative inquiry into the governance assessment processes within Sub-Holding Commercial & Trading Pertamina. The analysis is structured around three focal points: 1) the conceptual framework for an integrated GCG assessment; 2) the identification of process-level weaknesses and inefficiencies; and 3) the formulation of an integrated process redesign aligned with business process reengineering (BPR) principles. The insights generated are intended to answer the research questions and serve as a practical foundation for implementing governance standardization across the group.

The Case for Integrated GCG Assessment

The findings of this study indicate that the current Good Corporate Governance (GCG) assessment process within Sub-Holding Commercial & Trading Pertamina is highly fragmented and inefficient, primarily due to its siloed implementation. Each subsidiary conducts its own GCG evaluation using different methods, parameters, and assessors, resulting in outcomes that are inconsistent and incomparable. This fragmentation hinders the Integrated Governance Committee (IGC) from performing a consolidated governance evaluation across the group, as there is no common standard or shared baseline for measurement. The variability in assessment approaches is clearly reflected in the results of the 2024 GCG assessments. Some companies employed external consultants, others relied on internal self-assessment teams, and the evaluation parameters used ranged from the Decree of the Secretary to the SOE Minister No. 16/2012 (SK-16) to the Corporate Governance Perception Index (CGPI). Table 1 below summarizes these inconsistencies across entities under the sub-holding.

Table 1. GCG Assessment Implementation Across Pertamina's Commercial & Trading Sub-Holding (2024)

Entity	Assessment Method	Assessor	Parameter	GCG Score
PT Pertamina Patra Niaga	External Assessment	Consultant A	SK-16	88.75
PT Pertamina Retail	Self-Assessment	Internal Team	SK-16	85.35
PT Pertamina Lubricants	External Assessment	Consultant B	CGPI	86.10
PT Patra Logistik	Self-Assessment	Internal Team	SK-16	83.25
PT Patra Trading	External Assessment	Consultant C	SK-16	84.50
PT Pertamina Petrochemical	Self-Assessment	Internal Team	CGPI	82.00
PT Pertamina Maintenance	External Assessment	Consultant B	SK-16	85.90
PT Patra SK	Self-Assessment	Internal Team	SK-16	83.15

Notes: SK-16: Decree of Secretary to SOE Minister 16/2012; CGPI: Corporate Governance Perception Index
Source: Research data, 2025

The disparities illustrated in Table 1 confirm that assessment outcomes are influenced not only by the actual performance of governance practices but also by methodological differences and subjective interpretation by assessors. The lack of standardization—particularly in the use of parameters and selection of assessors—compromises the integrity and comparability of results. Moreover, companies that rely on internal teams for self-assessment may face bias or reduced objectivity, further diminishing the utility of the assessment data. Another source of inefficiency lies in the structure of the GCG assessment process itself. Referring to SOE Minister Regulation No. PER-2/MBU/03/2023, the process begins with the establishment of the assessment method by the Board of Commissioners, followed by assignment from the Board of Directors, appointment of an assessor, execution of the assessment, and finally, the reporting of results and maturity levels. However, this same process is duplicated across all entities in the group. A critical issue arises in the assessment of the General Meeting of Shareholders (GMOS) function, where Pertamina Patra Niaga (PPN), acting as GMOS for all its subsidiaries, is repeatedly assessed by each subsidiary—often by different assessors—on the same roles and responsibilities.

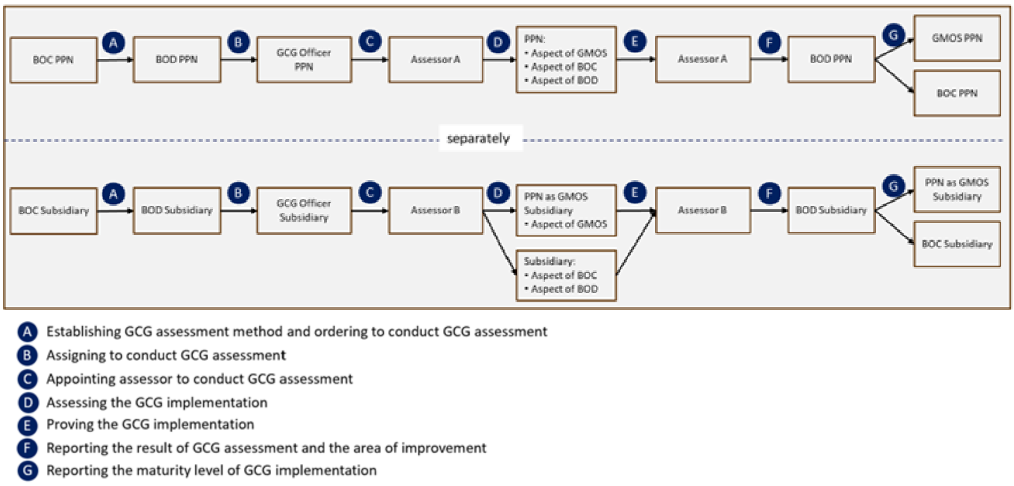

Figure 1. Current Fragmented GCG Assessment Process
Source: Research data, 2025

This fragmented model not only causes duplication of effort but also produces varying interpretations of identical governance functions, which can lead to misleading conclusions and inhibit effective group-level decision-making. Consequently, the IGC faces difficulties in generating objective and actionable insights due to the disparate quality and format of assessment data. In response to these challenges, the study proposes a re-engineered, integrated GCG assessment model that applies a standardized method, employs a unified assessor across all entities, and streamlines reporting. Under this model, Pertamina Patra Niaga, as the group leader, will centrally define the assessment framework, select the assessor, and coordinate the assessment process throughout the group. This integrated approach aims to improve efficiency, enhance data comparability, and reduce redundancy—especially in the evaluation of shared governance components such as the GMOS.

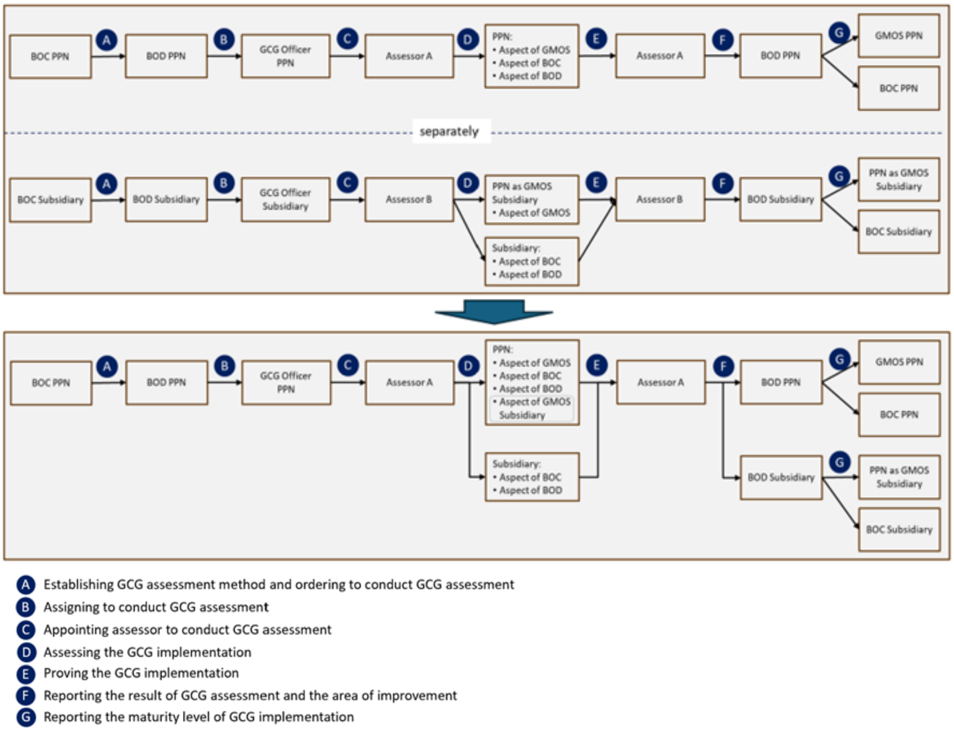

Figure 2. Proposed Integrated GCG Assessment Workflow
Source: Research data, 2025

In line with the Business Process Reengineering (BPR) theory, the transformation involves redesigning three core business processes: 1) the establishment of the assessment method, 2) the selection and appointment of the assessor, and 3) the execution of the assessment itself. First, in the existing model, each company independently sets its assessment method. Under the integrated model, this responsibility will be centralized and technically assigned to the Board of Commissioners of Pertamina Patra Niaga. The method must be based on consistent parameters and executed by an external independent assessor to ensure neutrality and adherence to best practices. Second, assessor selection and appointment will no longer be conducted by each entity individually. Instead, one assessor will be selected and appointed by the Corporate Secretary function of Pertamina Patra Niaga to evaluate all companies within the sub-holding. This approach not only eliminates repetitive procurement processes but also ensures consistency in the application of assessment standards. Since GCG assessment often involves subjective scoring based on professional judgment, a unified assessor will minimize inter-rater variability and improve result validity. Third, the assessment process will be conducted only once for each governance component, including the GMOS role of Pertamina Patra Niaga. In the current setup, this role is evaluated multiple times by different subsidiaries, leading to contradictory findings. By streamlining the process, GMOS is assessed a single time by the unified assessor, with results disseminated as needed across relevant governance layers. This restructured approach significantly reduces inefficiencies and establishes a reliable foundation for governance oversight.

The integrated GCG assessment model offers a comprehensive solution to the structural and procedural weaknesses of the current system. It aligns with regulatory mandates, enhances organizational efficiency, and—most importantly—provides the IGC with valid, comparable, and actionable data to strengthen governance practices across Pertamina's Sub-Holding Commercial & Trading. The following section will elaborate on the strategic reengineering actions necessary to implement this model successfully.

Weaknesses of Current Conditions for Implementing Integrated GCG Assessment

Despite the clear advantages of adopting an integrated GCG assessment model, the implementation readiness within Sub-Holding Commercial & Trading Pertamina remains constrained by several structural and operational weaknesses. These limitations must be acknowledged and addressed systematically to ensure that the proposed governance transformation can be operationalized effectively across all entities.

One of the primary weaknesses lies in the absence of a formal internal policy that mandates and regulates the implementation of an integrated GCG assessment framework. While SOE Minister Regulation No. PER-2/MBU/03/2023 provides broad regulatory guidance on governance expectations for state-owned enterprises; it does not explicitly prescribe mechanisms for integrated governance evaluation within corporate groups or conglomerates. In the current condition, each company under the Sub-Holding interprets and applies the regulation independently, without reference to a unifying group-level directive. As a result, subsidiaries are neither aligned nor institutionally obligated to follow a standardized assessment method nor are they aware of their roles and contributions within a coordinated evaluation structure. This lack of policy coherence also extends to the standardization of parameters used for assessment. Without a definitive internal policy that establishes uniform indicators, benchmarks, and reporting formats, comparability remains elusive, and the integrity of group-wide governance oversight is compromised.

In addition to policy gaps, the shortage of dedicated resources further impedes the ability to implement an integrated assessment model. Based on document analysis and a review of the organizational structures of companies under the Sub-Holding, it was found that not all entities have designated personnel or functional units responsible for coordinating or facilitating GCG assessments. In many cases, GCG-related responsibilities are embedded within broader corporate functions—such as legal, compliance, or corporate secretary roles—which dilutes focus and accountability. The absence of dedicated persons-in-charge (PICs) not only affects the quality and continuity of GCG evaluations but also presents a significant challenge when attempting to coordinate assessments across multiple entities simultaneously. This resource limitation is particularly problematic when considered in light of the proposed integrated model, which depends on active collaboration, centralized coordination, and timely data exchange across the group. Implementing such a model without strengthening the underlying human and institutional capacities would risk creating bottlenecks, inconsistencies, or resistance from units unprepared for systemic change. Furthermore, without sufficient internal expertise in governance assessment methodology, entities may be ill-equipped to engage effectively with external assessors, review findings critically, or contribute to continuous improvement efforts.

In essence, while the integrated model offers a coherent and efficient governance solution, its successful adoption will require substantial policy alignment and resource augmentation across Sub-Holding Commercial & Trading Pertamina. A formal group-wide governance policy, endorsed by top leadership and embedded into corporate governance frameworks, is crucial for setting direction and driving compliance. Simultaneously, organizational restructuring or capacity development—such as appointing GCG officers in each entity or building cross-functional governance teams—will be necessary to provide the operational backbone for implementation. These weaknesses are not insurmountable but must be acknowledged as foundational conditions that require strategic attention before the integrated assessment model can be effectively deployed. The following section will explore the development enablers and strategic interventions needed to support this governance transformation.

Needed Developments for Implementing Integrated GCG Assessment

To effectively implement the concept of integrated GCG assessment within Sub Holding Commercial & Trading Pertamina, several critical developments are required. These developments encompass the establishment of a comprehensive policy and legal framework, the allocation of adequate resources, and the standardization of assessment parameters.

Policy and Legal Structure

The integrated GCG assessment concept necessitates the involvement of all corporate entities under Sub Holding Commercial & Trading Pertamina, including the active participation of each entity's board of commissioners and directors. For technical implementation, personnel from each entity are required to manage the assessment process. To ensure effective participation, it is imperative to formulate and enact a policy directed to all entities by PT Pertamina Patra Niaga, the group leader. This policy should elucidate the integrated GCG assessment concept and delineate the roles of each involved party, serving as the foundational basis for implementation across the Sub Holding. Technically, the policy should be issued by the Board of Commissioners of PT Pertamina Patra Niaga, considering that, based on SOE Minister Regulation No. PER-2/MBU/02/2023, the initiation of GCG assessments falls under the Board of Commissioners' authority. In the context of managing integrated governance within Sub Holding Commercial & Trading Pertamina, issuing the policy by the Board of Commissioners of PT Pertamina Patra Niaga is appropriate, as the President Commissioner of PT Pertamina Patra Niaga chairs the Integrated Governance Committee. This aligns with the Board of Commissioners' primary role in evaluating company management and supervising operations.

Given that Sub Holding Commercial & Trading Pertamina comprises several companies, including PT Pertamina Lubricants, PT Pertamina Retail, PT Patra Logistik, PT Pertamina Trading & Services, PT Pertamina Maintenance & Construction, PT Pertamina Petrochemical Trading, PT Patra SK, Pertamina International Timor, SA, and Pertamina International Marketing & Distribution, Pte., Ltd., each as separate legal entities, the policy issued by PT Pertamina Patra Niaga does not automatically apply to its subsidiaries. Therefore, establishing a legal structure to bridge the implementation of the parent company's policy to its subsidiaries is necessary. Two alternative legal mechanisms can facilitate this: aligning the articles of association between the parent company and subsidiaries or adopting the policy through a resolution of the subsidiary's General Meeting of Shareholders (GMOS) in a top-down manner. The latter mechanism, involving the issuance of a GMOS resolution for each subsidiary to ratify and adopt the policy, is more effective and efficient, as it does not require amending the articles of association of each company.

Resources

An effective GCG assessment process requires sufficient resources, both as counterparts in the assessment process and as persons in charge (PICs), to coordinate and manage the assessment process. While ad-hoc personnel from related functions can serve as counterparts, dedicated PICs are essential for managing the entire GCG assessment process, including planning, preparation, implementation, reporting, and overseeing improvement areas. For accountability, the GCG assessment must be managed under a specific function within the company and be explicitly included in the PIC's job description. Since the integrated GCG assessment concept encompasses all entities under Sub Holding Commercial & Trading Pertamina and necessitates the involvement of PICs from each entity, effective coordination among PICs is crucial. Any failure by a PIC to fulfill their role in a process phase can adversely affect the successful implementation of the integrated GCG assessment. To develop adequate resources supporting the integrated GCG assessment implementation, a review of each company's organizational structure should be conducted. This review aims to assess the organization's capability in terms of responsible functions, dedicated PICs, and the clarity of PICs' job descriptions. Based on the review, necessary adjustments should be made to establish responsible functions, assign dedicated PICs, and define clear job descriptions for companies lacking sufficient supportive resources.

Parameter

Parameters play a vital role as measurement tools in GCG assessments. Several parameters can be utilized to assess a company's GCG implementation, including the Decree of the Secretary to the SOE Minister No. SK-16/S.MBU/2012, the ASEAN Corporate Governance Scorecard (ACGS), and the General Guidelines for Corporate Governance Indonesia (PUGKI) 2021. The Decree of the Secretary to the SOE Minister No. SK-16/S.MBU/2012 adopts corporate governance best practices of Indonesian companies with a two-tier system, commonly practiced in State-Owned Enterprises (SOEs). ACGS incorporates corporate governance practices of foreign companies with a one-tier system, while PUGKI 2021 encompasses corporate governance practices and related regulations of Indonesian companies.

The assessment parameter is based on the Decree of the Secretary to the SOE Minister No. SK-16/S.MBU/2012 is more suitable for GCG assessments of companies under the Sub Holding Commercial & Trading Pertamina, as they are part of the Pertamina group, an SOE. However, this decree has been revoked by the Decree of the Secretary to the SOE Minister No. SK-12/S.MBU/2023. However, GCG assessments are mandated by SOE Minister Regulation No. PER-2/MBU/02/2023, the Ministry of SOEs has yet to issue new parameters for GCG assessments. Despite the revocation, the substance of the Decree No. SK-16/S.MBU/2012 can still be utilized as a best practice parameter for GCG assessments through policy issuance.

To achieve the goal of implementing integrated GCG assessments within the Sub Holding Commercial & Trading Pertamina, which is to provide comparable data among group members as a valid basis for the Integrated Governance Committee to evaluate the group's integrated governance, it is essential to establish standardized parameters. This ensures that all companies' GCG implementations are assessed using the same parameters. Ideally, these established parameters should remain consistent year over year, enabling maturity-level comparisons of GCG implementations not only between entities within the group but also across different years.

Developing the Implementation Plan of Integrated GCG Assessment

To ensure the practical realization of the integrated GCG assessment within Sub Holding Commercial & Trading Pertamina, a comprehensive implementation plan is essential. The plan must not only account for technical stages such as preparation, execution, and reporting but also include the development of supporting infrastructure such as policy frameworks, legal structures, designated organizational functions, and standardized parameters. These components are critical to translating the integrated assessment concept into a practical and sustainable governance mechanism. Based on interviews with key informants—including the Corporate Secretary, the Secretary to the Board of Commissioners, and GCG assessment focal points at Pertamina Patra Niaga—it is evident that the successful implementation of integrated GCG assessment hinges on carefully sequenced activities supported by clear governance mandates and resource coordination. Moreover, alignment with regulatory reporting deadlines further defines the pacing of these activities.

According to SOE Minister Regulation No. PER-2/MBU/02/2023, the results of the GCG assessment must be submitted to the General Meeting of Shareholders (GMOS) concurrently with the company's annual report. Under Indonesian Company Law, this report must be presented no later than six months after the end of the fiscal year—by June at the latest. Accordingly, the backward planning of implementation activities becomes critical to ensure compliance with this legal deadline. The development of infrastructure—namely, policy issuance, legal framework creation, resource readiness, and parameter standardization—is projected to take approximately five months due to the need for inter-unit coordination and approval processes. Following this, the preparation stage, which includes the selection and formal appointment of an external assessor, requires about two months. The execution phase, during which the assessor collaborates with relevant functions across subsidiaries to collect evidence of GCG implementation, is expected to take three months. Finally, the reporting phase—comprising consolidation of findings and presentation to the IGC—requires approximately one month.

To visualize the timeline and task distribution, the following table summarizes the implementation plan, including activity names, timeline of execution, and responsible functions:

Table 2. Implementation Plan for Integrated GCG Assessment (2025–2026)

Activity	2025					2026						Function incharge
	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	
Developing an underlying policy for implementation	■											Board of Commissioner
Developing legal structure for enforcing the policy (GMOS decision or change of constitution)		■	■									Corporate Secretary
Establishing dedicated function and PIC (organizational structure change if needed)			■	■								Div. Human Capital
Socialization for implementation and PIC up skilling					■							Corporate Secretary
Preparation process for GCG assessment (order for assessment, selection of assessor, appointment of assessor)						■	■					Board of Commissioner, Corporate Secretary
Assessment process (review the evidences, scoring)								■	■	■		Corporate Secretary
Reporting process (making report on the result of assessment, delivering report in Annual GMOS											■	Board of Director

Source: Research data, 2025

This implementation plan follows a logical sequence of governance activities and anticipates interdependencies between processes. For example, policy issuance and legal structuring must precede resource mobilization and assessor appointment. The centralized nature of the integrated model also requires strong coordination mechanisms between Pertamina Patra Niaga and its subsidiaries, primarily through designated GCG Officers. Moreover, the plan accommodates the required socialization and upskilling processes necessary for implementing a new governance model. Given that integrated GCG assessment is a novel practice within the Sub Holding, capacity building and internal communication are integral to smooth implementation. This implementation roadmap provides a structured, time-bound approach that is aligned with regulatory requirements, organizational readiness, and the strategic vision of governance integration within Pertamina. It ensures compliance with SOE mandates and sets the foundation for ongoing governance excellence through standardized assessment and reporting.

Discussion

The findings of this study highlight the imperative for structural reform in the governance evaluation system within Sub Holding Commercial & Trading Pertamina. The fragmentation in current GCG assessment practices—marked by inconsistent parameters, decentralized assessor selection, and duplicative evaluations—clearly signals a governance maturity gap that must be addressed to enhance organizational coherence, accountability, and transparency. The integrated GCG assessment model proposed in this study reflects a shift from compliance-based governance to performance-oriented governance. It responds directly to calls within SOE governance literature for greater alignment between regulatory frameworks and internal corporate mechanisms (Hasan et al., 2023; OECD, 2015). The model not only improves data comparability across entities but also empowers the Integrated Governance Committee (IGC) to perform its oversight function based on reliable, valid, and standardized information. This aligns with the broader theoretical underpinnings of Business Process Reengineering (BPR), where legacy processes are restructured to eliminate inefficiencies and introduce system-wide integration (Hammer & Champy, 1993).

Moreover, the development of governance infrastructure—including legal mandates, organizational responsibilities, and dedicated human resources—reinforces the idea that effective governance is not merely procedural but institutional. The requirement for a formal policy from PT Pertamina Patra Niaga's Board of Commissioners and its adoption through GMOS resolutions across subsidiaries highlights the relevance of corporate legal theory in implementing group-level governance mechanisms. The separation between holding companies and subsidiaries under Indonesian corporate law necessitates deliberate legal instruments to ensure top-down governance policies are binding, thus showcasing the need to bridge legal independence and structural control in conglomerate governance. The discussion also extends to the standardization of parameters, a critical element for ensuring continuity and comparability of assessments. The revocation of the Decree of the Secretary to the SOE Minister No. 16/2012 presents a regulatory vacuum; however, in practice, its content remains functionally valid as a "best practice" reference. By anchoring the assessment in a consistent parameter, the integrated model supports longitudinal governance analysis, enabling not just cross-sectional comparison among subsidiaries but also year-over-year tracking of governance improvement—an approach strongly advocated in contemporary governance research (Fatma & Chouaibi, 2023; Wook et al., 2023).

From an implementation perspective, the timeline and task allocation developed in this study integrate regulatory deadlines with organizational capability. The plan reflects awareness of practical constraints—such as approval timelines, socialization efforts, and the sequencing of technical tasks—and provides a feasible roadmap that balances ambition with operational realism. This is critical for complex organizations like Pertamina, where governance must not only satisfy regulatory obligations but also support business sustainability and risk mitigation. The discussion further acknowledges the human capital dimension of governance transformation. Effective implementation of integrated GCG assessment depends not just on structure but also on the capacity of personnel managing the process. This affirms the literature suggesting that governance effectiveness is strongly correlated with the competence, clarity of roles, and organizational embedding of governance actors (Ng et al., 2024). Assigning clear job descriptions and designating dedicated governance PICs across subsidiaries is not only a logistical necessity but also a cultural signal of the organization's commitment to accountability and integrity.

This study does not merely propose a technical redesign of the GCG assessment process but rather a strategic transformation of how governance is institutionalized within a complex SOE conglomerate. The integrated model serves as both a response to internal inefficiencies and a proactive framework to meet evolving expectations of SOE governance performance from both regulators and the broader stakeholder community. As such, the findings contribute to both theoretical discourse and practical advancement in the field of corporate governance implementation in emerging markets.

D. CONCLUSIONS

This study concludes that the implementation of an integrated Good Corporate Governance (GCG) assessment model is a strategic necessity for enhancing the quality and effectiveness of governance evaluation across Sub Holding Commercial & Trading Pertamina. Through a process of reengineering and integration, the previously fragmented assessment practices—marked by inconsistent methodologies, non-uniform parameters, and uncoordinated assessor appointments—can be consolidated into a single, standardized system that offers both efficiency and analytical rigor. The first key finding is that the integrated GCG assessment model enables group-wide visibility over the maturity levels of governance implementation in all subsidiaries. This uniform dataset provides a valid, comparable, and reliable basis for the Integrated Governance Committee (IGC) to evaluate and supervise the state of governance across the business group. It transforms GCG assessment from an isolated compliance task into a strategic instrument for performance monitoring and risk mitigation.

Second, for this concept to be implemented successfully, the study identifies several critical enablers that must be developed. These include the issuance of an internal governance policy applicable to all entities within the sub-holding, the establishment of a legal structure to ensure that its subsidiaries legally adopt policy directives from PT Pertamina Patra Niaga, the allocation of sufficient and dedicated human resources, and the use of a standardized assessment parameter. These developments are necessary not only at the level of the parent company but must be mirrored across all subsidiary entities to ensure operational consistency. Third, the study underscores the importance of a structured implementation plan. The plan must account for the time needed to develop enabling infrastructure (policy, legal, organizational), prepare for assessment execution (assessor appointment, coordination), and comply with regulatory deadlines for governance reporting. The timeline proposed ensures alignment with both internal process realities and the legal obligation to report GCG performance no later than six months after the close of the financial year.

Finally, the study recommends that future research address the digitalization and standardization of the integrated GCG assessment model. Future studies could explore the development of a digital platform that automates the assessment process, ensures real-time data integration across entities, and embeds standardized metrics into a centralized reporting system. This would not only enhance efficiency but also improve data integrity, accessibility, and responsiveness in governance monitoring. The integrated GCG assessment model proposed in this study provides a scalable, practical, and forward-looking solution for strengthening corporate governance in complex SOE environments. It bridges regulatory requirements, governance best practices, and operational feasibility, offering a robust framework for sustainable governance transformation within Pertamina's commercial and trading ecosystem.

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